REMARKS/ARGUMENTS

This amendment is responsive to the Office Action mailed on October 3, 2007. In this amendment claims 1-21 are amended, no claims are added, and no claims are canceled, so that claims 1-21 are pending and subject to examination on the merits.

On December 14, 2007, a telephonic interview was held between the Primary Examiner, the Examiner, and the Applicant's representatives. The Examiners clarified that the claims as presented in the interview appear to be different than the cited prior art, but they require further amendment to more fully reflect those differences. Furthermore, the Watson reference was discussed, and the examiners appeared to agree that it is not obvious how the Watson reference applies to the present application. The examiners requested further clarification with regard to why the Watson reference does not apply to the present application. The Applicant's Representatives thank the Examiners for their time and their careful consideration of the arguments presented.

I. 35 USC §102 - McClendon et al.

Claims 1-5, 8-12, 15-18, and 21 are rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Publication No. 2003/0046194 to McClendon et al. ("McClendon"). Applicants submit that McClendon does not teach each and every element of these claims, and the rejection is respectfully traversed.

Embodiments in McClendon are directed towards a computer implemented accounting system which creates and stores posting lines based upon executed accounting transactions. (McClendon Abstract). Users enter an accounting line, and the system generates accounting posting lines that, after being viewed by the user, are stored in a posting line catalog. (McClendon P[0049], Fig. 2). The posting lines generated in the previous step may then be posted to journals, and from there may be posted to ledgers. (Id.). The system allows for posting lines to be adjusted by entering new accounting lines, which may be consolidated with already existing posting lines, by combining like values. (McClendon P[0047-0048]). This results in saving storage space in the posting line catalog, by combining posting lines, and additionally

allows users to adjust posting lines without knowledge of the original accounting lines that created the posting lines. (McClendon P[0066]).

This system is different than the embodiments of the present application. The invention of the pending claims deals with consolidating posting lines after they have already been posted to a ledger.(Specification P[0004]). An adjustment journal is used to hold posting lines separated from the other posting lines. (Specification P[0011]). Entries in the adjustment journal are then consolidated with the entries in the consolidation ledger. (Id.). An accounting consolidation is the creation of posting lines necessary to offset transactions in a consolidation ledger. (Specification P[0004]). An accounting consolidation results in additional posting lines being created in order to offset things such as inter company transactions, non controlling interests, and equitization of a subsidiary on a parents ledger. (Id). These additional posting lines are stored in a pending journal, where they can be reviewed prior to being posted to the consolidation ledger. (Specification P[0011]).

Claims 1, 8, 15, 16, 17, and 21

The office action asserts that every limitation of the above claims is taught in McClendon. For example, the office action states that McClendon discloses:

> An adjustment journal configured for receiving at least one adjustment entry (page 4 para 47-48, and claim 6).

(Office Action Pg. 2). The reference cited however is directed to entering new accounting lines, these accounting lines then generate posting lines, which are subsequently stored in the posting lines catalog, a central storage catalog for all posting lines.

The reference cited does not disclose an "adjustment journal." A journal, and more specifically an adjustment journal, is a term that is well known in the accounting field. A journal is used to hold specific posting lines that are related to a particular topic, such as adjustments. McClendon appears to acknowledge that a journal is a well know term in the accounting field in Fig. 4. There it shows that the Posting Line Catalog (20) is separate from the various Journals (30) and Ledgers(40). Claim 6 discloses a system as described above, and also does not disclose an adjustment journal. As such, McClendon may disclose an accounting line generating new

posting lines which are stored in a centralized posting line catalog, but it does not disclose an adjustment journal configured for receiving at least one adjustment entry. The claims have been amended to further clarify that the terms being used should be construed as they would be by a person of skill in the art of accounting.

As another example, the office action asserts that McClendon discloses:

> A proforma consolidation processor configured for consolidating the at least one adjustment entry into at least one consolidated adjustment entry (page 6 para 66, fig 6, and claim 3).

(Office Action Pg. 3). The office action mischaracterizes the use of the terms consolidation and consolidating as used in accounting consolidation processing. The claims have been amended to further clarify that consolidation should be construed as it would be by a person of skill in the art of accounting. McClendon states that an advantage of consolidating is to save space and to allow users to enter necessary adjustments to the posting lines without knowing the underlying accounting transactions. (McClendon P[0066], see also P[0047-0048]). Figure 6 further emphasizes this by showing a process where related posting lines can be combined into the posting lines catalog. (McClendon Fig. 6). Claim 3 further emphasizes that this combining is done <u>prior</u> to the posting lines being posted. (McClendon claim 3).

Consolidation in accounting consolidation processing is not combining similar posting lines in order to generate a smaller number of posting lines. In fact, an accounting consolidation process will generate <u>additional</u> posting lines, not fewer. (Specification P[0006]). An accounting consolidation is used to generate posting lines that offset transactions between related business entities, to provide an accurate financial picture. (Id.) Furthermore, consolidation processing is performed <u>after</u> the posting lines have been posted to the consolidation ledger. As such, McClendon does not disclose an accounting consolidation processor.

As a final example, the office action asserts that McClendon discloses:

> A pending journal configured for storing the at least one consolidated adjustment entry (abstract, fig 6, claim 9, and claim 20).

(Office Action Pg. 3). As has been discussed above, McClendon discloses a posting line catalog that stores all posting lines. It does not disclose a journal. Furthermore, the reference cited is directed to posting lines being generated from an accounting transaction, and stored to a single

posting line catalog. (McClendon Abstract, Fig. 6). The claims further emphasize that the posting lines are posted to a single posting line catalog. (McClendon claim 9). As such, McClendon does not disclose an accounting pending journal configured to store the at least one consolidated adjustment entry.

As such, claims 1, 8, 15, 16, 17, and 21 are allowable because McClendon fails to disclose each and every limitation present in those claims. Applicant respectfully requests withdrawal of this rejection.

Claims 2-5, 9-12, and 18

Claims 2-5, 9-12, and 18 are allowable by virtue of their dependence from their respective independent claims discussed above. Applicant respectfully requests withdrawal of this rejection.

II. 35 USC §103 - McClendon et al. and Watson

Claims 6, 13, and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Publication No. 2003/0046194 to McClendon et al. ("McClendon") in view of U.S. Patent No. 5,978,780 to Watson ("Watson"). This rejection is traversed.

McClendon and Watson, alone or in combination, fail to disclose the limitation of "*a proforma NCI eliminations module configured for performing non-controlling interest eliminations on the at least on adjustment entry.*" The office action admits that this limitation is not disclosed in McClendon. The office action asserts this limitation is disclosed in Watson (figs 2 & 4, col 6 lines 22-67, col 21 lines 22-67, and claim 13 & 23) (Office Action Pg. 5).

Watson is directed to a system for bill consolidation, payment aggregation, and settlement. (Watson Abstract). The system provides for a means where individual household bills for services, such as utilities, can be aggregated, and submitted to a financial institution for a single lump sum payment to the service provider, as opposed to billing each household individually. (Watson Abstract). The system in Watson keeps track of which portions of the aggregated bill belong to each household, and can cause individual households to maintain reserves for bill payment, the amount of the reserves being determined by certain risk factors.

(Watson Fig. 2 & 4) The system will also keep track of all the service providers an individual household utilizes, and permits the household to make a single payment to the system to cover all the service expenses incurred by the household. (Id.). The system in Watson allows for the calculation of risk of individual households with regard to payment, and allows the individual household's financial institution to be sent those risk factors, as well as totals of all the households individual obligations, in order to properly debit the household's account. (Watson col. 6, lines 21-67). This information can be used by the household's financial institution in order to generate reserve amounts for each household, to ensure that sufficient funds are available to meet the household's obligations with regard to payment for services. (Watson col. 21, lines 22-67). The system disclosed in Watson generally deals with a method of paying bills, in order to minimize the amount of individual payments that are necessary between households and service providers and to ensure that sufficient funds are available for payment. (Watson, claims 13 and 23).

The system disclosed in Watson is unrelated to the present application. Watson deals with a system for paying bills between multiple service providers, multiple households, and multiple financial institutions. The present applications deals with a system for producing consolidated financial statements for a single business. (Abstract). "*Non controlling interest elimination*," as used with regard to production of consolidated financial statements is a term used in the accounting industry to reflect elimination of balances associated with ownership of a subsidiary company by an entity other than the parent, from the parent companies consolidated financial statements. This is unrelated to paying bills or to establishing risk factors. In fact, when performing accounting consolidations, no bills are issued, no payments are made, and risk factors do not play a part. A consolidation is a picture of a companies financial situation after certain factors, such as elimination of non controlling interests, have been performed.

In combination, Watson and McClendon still fail to teach "*a proforma NCI eliminations module configured for performing non-controlling interest eliminations on the at least on adjustment entry.*" Despite the fact that Watson deals with a bill paying system and McClendon deals with an intra company accounting system, and there is no motivation to combine the references, when viewed in combination, the limitation is still not taught. When

viewed in combination, the system disclosed in McClendon may use the billing and payment transactions as disclosed in Watson as inputs to the accounting lines in McClendon, which will generate posting lines to be stored in the posting lines catalog. This still fails to disclose a non-controlling interest elimination module.

As such, because McClendon and Watson, alone or in combination, fail to disclose each and every limitation, withdrawal of this rejection is respectfully requested.

III. 35 USC §103 - McClendon et al. and Lewis

Claims 7, 14, and 20 are rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Publication No. 2003/0046194 to McClendon et al. ("McClendon") in view of U.S. Patent No. 6,513,019 to Lewis ("Lewis"). This rejection is traversed.

Lewis is directed to a financial trade and settlement system, dealing with trading of stock and other instruments. Lewis does not disclose subsidiaries, parents, or reflecting the income of a subsidiary on a parents ledger. The office action admits that these limitations are not disclosed in McClendon.

When viewed in combination, the system disclosed in McClendon may use the system as disclosed in Lewis as an input to the accounting lines in McClendon, which will generate posting lines to be stored in the posting lines catalog. This would result in posting lines being generated based on the transactions presented in Lewis. This still fails to disclose a module for reflecting the net income of a subsidiary on a parents ledger, because neither reference, alone or in combination, teach this limitation.

As such, these claims are allowable because McClendon and Lewis, alone or in combination, do not teach each limitation of the claims, and withdrawal of the rejection is respectfully requested.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

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